

Last week's indictment touched only briefly on the entanglement of the Central Intelligence Agency and the Federal Bureau of Investigation in the web of Watergate. And it was remarkable as much for what it left out as for what it included. Foremost among the omissions, in fact, were the factors that apparently led to the involvement of the espionage agency in the first place.

On June 20, the indictment noted, Mardian and LaRue met with Liddy at LaRue's apartment. It was at this meeting that Liddy allegedly talked about certain "commitments" that had been made to him and others involved in the Watergate operation. As described to the Ervin committee, these were apparently reassurances that the undercover operatives would be taken care of if caught. Liddy's claim apparently was the basis for all subsequent efforts to obtain money or clemency for the defendants. What the indictment avoided mentioning, however, was Liddy's implicit threat at that meeting; according to testimony before the Watergate committee, he said he and others on the Watergate team had taken on earlier intelligence operations for the White House itself—including the Ellsberg break-in—and that they had obtained some assistance in their cloak-and-dagging from the CIA.

That information was potentially more damaging to Mr. Nixon's re-election campaign than Watergate itself. And although the indictment did not mention it, Liddy's revelation was presumably what prompted Mitchell and Mardian to tell Dean that the CIA might provide covert funds to the Watergate burglars. Mitchell himself admitted at the Watergate hearing that it was because of the meeting in LaRue's apartment that he learned early on of Liddy's involvement with Watergate and what he called "the White House horrors." Unfortunately for him, however, Mitchell had denied knowing of Liddy's confession during an earlier appearance before the Watergate grand jury—and the jury cited him for false declaration on that score, too.

In any event, the indictment charged that Dean subsequently met with Ehrlichman on the matter and that Ehrlichman "approved a suggestion" that Dean ask CIA deputy director Vernon Walters if the agency could lend a hand—paying the bail and salaries of the Watergate crew. Just who suggested contacting General Walters, a long-time friend of President Nixon? The indictment didn't say. Nor did it mention the parallel efforts—testified to before the Senate committee—to have Walters suggest the possibility that the CIA was involved in Watergate, and thus to hamper the initial FBI investigations into the break-in.

The indictment did say that Mitchell, sometime in mid-July, advised Dean to obtain FBI reports on the investigation for CRP lawyer Parkinson and others. And it alleged that on July 21, Mardian met with Dean at the White House to review some of those FBI reports. This may be a key element in the grand jury's charge that an effort to obstruct the Watergate investigation was under way. Mardian, though formerly a top Justice

Department aide, was working for the CRP when he reviewed the confidential, FBI reports. There was no mention, however, of the embarrassing political files from Howard Hunt's safe that were turned over secretly to FBI acting director L. Patrick Gray III—and later destroyed by him, according to Gray's own testimony before the Senate committee.

THE EARLY PAYOFFS

When the CIA refused to take responsibility for the Watergate gang, the Nixon men were thrown back on their own not-inconsiderable financial resources. On June 28, the indictment charged, Ehrlichman and Dean met at the White House and Ehrlichman approved the use of California lawyer Herbert Kalmbach—the President's personal attorney and money handler—to raise cash to make "covert payments to and for the benefit of persons involved in the Watergate break-in."

Keeping the payments covert was a complicated problem. On July 6, the indictment said, CRP lawyer Parkinson met in Washington with attorney William O. Bittman, representing Hunt, and passed a cryptic message: "Rivers is OK to talk to." Rivers, it turned out, was the code name for ex-cop Anthony Ulasewicz in his role as the bearer of cash. The next day, according to the indictment, Ulasewicz delivered \$25,000 in cash to Bittman and ten days later made drop-offs of \$40,000 to Mrs. Howard Hunt and \$8,000 to Liddy.

Ulasewicz was a virtuoso at the art of clandestine payoffs, generally hiding the money in some public place and watching from the sidelines to make sure it was retrieved by its intended recipient. In Liddy's case, according to Ulasewicz's own testimony at the Watergate hearings, he placed the money in a locker at Washington National Airport and left the locker key for Liddy in an envelope on a nearby window ledge.

There were some problems, of course, most notably Kalmbach's growing doubts about the propriety of the back-door funding scheme. One of the overt acts listed by the indictment in support of its primary conspiracy charge was a July 26 White House meeting at which Ehrlichman allegedly told Kalmbach that he had to continue raising the funds—and that it was necessary to keep such fund-raising and disbursement absolutely secret. Kalmbach recalled the scene dramatically in his appearance

before the Senate Watergate committee last July:

"I was beginning to have concern about this assignment," he said then. "And I wanted . . . and I said, 'John, I want you to tell me'—and you know, I can remember it very vividly because I looked at him and I said, 'John, I am looking right into your eyes. I know Jeanne [Mrs. Ehrlichman] and your family. You know Barbara [Mrs. Kalmbach] and my family. You know that my family and my reputation mean everything to me, and it is just absolutely necessary, John, that you tell me, first that John Dean has the authority to direct me in this assignment, that it is a proper assignment, and that I am to go forward on it.'"

"And did he look you in the eyes?" asked Sam Dash, the committee's chief counsel.

"Yes; he did," said Kalmbach.

"What did he say to you?" asked Dash.

"He said, 'Herb, John Dean does have the authority, it is proper, and you are to go forward.'"

In mid-October, the indictment indicates, Fred LaRue took charge of the secret payments—but not before Ulasewicz, working under Kalmbach's direction, made at least three other drop-offs of cash totaling more than \$114,000.

The Story of the Big Cover-Up

(excerpted)